

May 10, 1955

MEMORANDUM FOR THE EXECUTIVE OFFICER, OCB

THROUGH: Dr. H. S. Craig

FROM: Roy P. McNair

The thirteen Asian nations and colonies are scheduled to meet in Simla, India, today to discuss economic problems. India is playing host to the conference and there is considerable speculation that the agenda of the conference will deal with ways and means of influencing the projected US-Asian aid program.

The countries taking part in the conference are the members of the Colombo Plan, which provides for a program of building up Asia economically through mutual help and aid from abroad. They are Cambodia, India, Indonesia, Japan, Laos, Nepal, Pakistan, Thailand, Vietnam, and the four British colonial areas of Malaya, Singapore, North Borneo, and Sarawak, all represented by a United Kingdom expert.

The main topics to be taken up at the conference will be: (1) promotion of regional trade through President Eisenhower's special fund for Asia; and (2) creation of a special fund to help meet dollar shortages of countries buying more than they are selling. The Indian invitation to convene this conference and the agenda has caused some concern here in Washington and Asian capitals since congress has not yet voted the aid funds, and since aid will continue on a bilateral basis and because of the unfortunate implication that the conference would produce a policy of multilateral apportionment of U. S. aid.

The State Department and FOA in a joint circular telegram on 3 May made it clear to our Missions in Asia that although the U.S. welcomes Indian initiative in economic development among countries of Free Asia, the U.S. intends "to continue U. S. aid on a bilateral basis and will not favor multilateral recommendations or negotiations regarding U. S. aid to countries of Asia. This bilateral handling of aid was made clear to the Government of India in Stassen group discussions in Delhi and believe Government of India understands this and agrees with it".

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